

In July 2015 the UK government announced the introduction of a new statutory 'National Living Wage' (NLW) that would apply to those aged 25 and over from April 2016. At a rate of £7.20, this represented a significant increase of 7.5% over the existing National Minimum Wage rate (and a 10.8% increase on the rate prevailing a year previously - in April 2015). [In work published](#) today alongside three other reports, which together informed the Low Pay Commission's 2018 Report, my colleagues and I assess the effects of this intervention in the labour market on employment retention, hours worked, and wages.

When it comes to setting minimum wage rates the main concern is about jobs, and also hours worked. If workers become more costly, employers might decide to hire fewer workers, or employ the ones they have for fewer hours. These concerns are particularly pertinent following a large increase in a minimum wage, such as the April 2016 introduction of the NLW, and with government plans to raise the NLW to 60% of median earnings by 2020...

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